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98TH CONGRESS
1st Session

SENATE

REPORT
No. 98–37

SECTION 404 OF THE AGRICULTURAL EXPORT EQUITY AND MARKET EXPANSION ACT OF 1983

MARCH 24 (legislative day, MARCH 21),1983.—Ordered to be printed

Mr. PERCY, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 822]

The Committee on Foreign Relations, to which was referred Section 404 of the bill S. 822 to expand markets for United States agricultural commodities, expand authority for the use abroad of Commodity Credit Corporation stocks, require the export sale of Commodity Credit Corporation dairy products, improve programs of Public Law 480 and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill do pass.

BACKGROUND

The Senate Foreign Relations Committee requested and obtained from the Committee on Agriculture, Nutrition and Forestry sequential referral of S. 822, the Agricultural Export Equity and Market Expansion Act of 1983, for the sole purpose of considering Section 404. This section deals with the Economic Support Fund (ESF) program which is under the sole jurisdiction of the Foreign Relations Committee.

Section 404 requires that not less than 20 percent of the funds appropriated to the Economic Support Fund under the Foreign Assistance Act be used for the purchase of U.S.-origin agricultural commodities, and that half of this amount be used to purchase processed or value-added products.

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COMMITTEE ACTION

The Chairman, in introducing Committee consideration of Section 404 at a meeting of the full Committee on March 24, 1983, noted that a large portion of the ESF program consists of cash grants and project assistance, neither of which could be used to implement the provisions of Section 404. The only portion of the ESF program that could be used to implement that section is the commodity import portion of the ESF program. The Chair observed that in 1981 Senator Zorinsky offered a floor amendemnt to the International Security and Development Cooperation Act of 1981 to require that 15 percent of funds made available annually for commodity import programs under the Economic Support Fund be used for the purchase of U.S. agricultural commodities and agricultural-related products. That amendment became law and has been in operation for two years with no adverse consequences for the ability of the ESF to meet the objectives for which it was created.

The Chairman emphasized the importance of taking steps to encourage expansion of U.S. agricultural export, which are at the lowest level in three years, some $7 billion below the 1981 level. Given the existence of huge stocks of American agricultural products, valued at $5.5 billion, in storage at an expense to the U.S. taxpayer of over $240 million annually, the Chair underscored the advantage of facilitating export of these commodities to countries which need but lack other means of purchasing them.

Senator Zorinsky offered an amendment co-sponsored by Chairman Percy, which would replace the provisions of Section 404 as reported by the Committee on Agriculture, Nutrition and Forestry, with the following language. The attached is the correspondence concerning Foreign Relations Committee consideration of Section 404 as agreed to by the Chairmen and Ranking Members of the Foreign Relations and Agriculture Committees.

The Committee ordered the amendment favorably reported by voice vote.

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C., March 16, 1983.

Hon. HOWARD H. BAKER, JR.,
Majority Leader,
U.S. Senate, Washington, D.C.

DEAR HOWARD: It is our intention that the Agricultural Export Equity and Market Expansion Act of 1983, an original bill reported by the Agriculture Committee, be sequentially referred to the Foreign Relations Committee for the sole purpose of considering Section 404. Section 404 deals with the Economic Support Fund program which is under the sole jurisdiction of the Foreign Relations Committee. If the Foreign Relations Committee is unable to report this bill by March 25, 1983, it will be discharged from further consideration of the bill.

This referral procedure is similar to the one established last year in which a provision of the Foreign Relations Committee's International

Security Enhancement Act of 1982 was referred to the Agriculture Committee.

Sincerely,

CHARLES H. PERCY,
Chairman, Committee on Foreign Relations.
CLAIBORNE PELL,
Ranking Minority Member.
JESSE HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry.
WALTER D. HUDDLESTON,
Ranking Minority Member.

COST ESTIMATE

The cost estimate prepared by the Congressional Budget Office for S. 822 and found on page 86 of the Report of the Committee on Agriculture, Nutrition and Forestry is not affected by the Zorinsky-Percy amendment, which modifies only the commodity composition and not the budgetary provisions of that bill. (See Report No. 98–27.).

OTHER IMPACT ANALYSIS

See page 89 of the same report for a complete analysis of the regulatory and other impacts of the bill. This amendment does not affect that analysis.

CHANGES IN EXISTING LAW

In compliance with paragraph 12, of the rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FOREIGN ASSISTANCE ACT OF 1961

PART II

CHAPTER 4—ECONOMIC SUPPORT FUND

SEC. 531. (a) Amounts appropriated to carry out this chapter shall be available for economic programs only and may not be used for military or parliamentary purposes.

(d) The President shall use an amount equal to not less than 35 percent of the funds appropriated to carry out this Chapter and made available for commodity import programs for the purchase of agricultural commodities and agricultural-related products which are of United States origin, except that not less than 20 percent of such funds appropriated to carry out this Chapter and made available for commodity import programs shall be used for the purchase of domestic agricultural commodities; one-half of the amount used for agricultural commodities shall be used to purchase processed or value-added products of such commodities.

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